

Prospectus GNMA I

Serial Note Securities

U.S. Department of Housing
and Urban Development
Government National Mortgage Association

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Do not send this form to the above address.

The information is required by Sec. 306(g) of the National Housing Act or by GNMA Handbooks 5500.1 and .2.

\$ _____

____ % **Mortgage-Backed Serial Notes**
(Single-Family Mortgages)

Fully Guaranteed as to Principal and Interest by
Government National Mortgage Association
(Backed by the Full Faith and Credit of the United States)

Issued by:

GNMA Pool No.:	(SN)	Issue Date:
Custodian:		First Payment Due:
Minimum Certificate Amount: \$		Serial Unit Amount: \$
Minimum Denomination: \$		Scheduled Maturities Extending From: To:

The total of this issue is approximately \$ _____. The issue has been divided into 200 serially numbered units, the numbers designating the sequence in which the units will be retired. Units numbered "1" through "199" are in the amount of \$ _____. Unit number "200" will be an amount greater than \$ _____ but no greater than \$ _____.

The above information has been provided by Issuer. The Government National Mortgage Association has prepared the balance of the information contained in this Prospectus.

The securities to be issued under this Prospectus provide for monthly payment of interest at the specified rate to the registered holder until payment of principal as set forth herein, whether or not such principal and interest shall have been collected by the Issuer.

Timely payment of principal of and interest on the Securities is guaranteed by GNMA pursuant to Section 306(g) of Title III of the National Housing Act. Section 306(g) provides that "The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection" and an opinion dated December 9, 1969, of an Assistant Attorney General of the United States states that such guarantees under Section 306(g) of mortgage-backed securities of the type offered hereby "constitute general obligations of the United States backed by its full faith and credit."

The securities have not been registered under the Securities Act of 1933 since they are exempt from registration.

Government National Mortgage Association

The Government National Mortgage Association ("GNMA") is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office at 451 Seventh Street, S.W., Washington, D.C. 20410. It had its origin in the creation of the National Mortgage Association of Washington in 1938. Shortly thereafter, the name of the National Mortgage Association of Washington was changed to Federal National Mortgage Association (the "Pre-1968 Corporation"), a wholly-owned government corporation whose business consisted of the purchase and sale of mortgages insured under the National Housing Act and, after 1948, mortgages guaranteed by the Department of Veterans Affairs.

Pursuant to 1954 legislation, the Pre-1968 Corporation was authorized (1) to conduct Secondary Market Operations (now the business of the present-day Federal National Mortgage Association), (2) to perform Special Assistance Functions in the purchase of mortgages as authorized by the President of the United States or by the Congress to assist

in financing home mortgages in instances where established home financing facilities are inadequate (the "Special Assistance Functions") and (3) to acquire or take over and to manage and liquidate certain other mortgages (the "Management and Liquidating Functions").

Effective September 1, 1968, the Pre-1968 Corporation was partitioned into two corporations, the present-day Federal National Mortgage Association and GNMA, which retained all of the assets and liabilities theretofore acquired and incurred by the Pre-1968 Corporation under its Special Assistance Functions and Management and Liquidating Functions. GNMA continues these activities on a sizeable scale.

GNMA Guaranty—Full Faith and Credit

GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of, and interest on, securities which are based on and backed by a pool composed of mortgages insured by the Federal Housing Administration under the National Housing Act, as amended, or Title V of the

Housing Act of 1949 or guaranteed by the Department of Veterans Affairs under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code. Section 306(g) provides further that "The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated December 9, 1969, of William H. Rehnquist, Assistant Attorney General of the United States, states that such guaranties under Section 306(g) of mortgage-backed securities of the type offered hereby are authorized to be made by GNMA and "would constitute general obligations of the United States backed by its full faith and credit."

Pursuant to such authority, GNMA upon delivery of the securities to the Issuer will have guaranteed the timely payment of the principal of and interest on these securities.

GNMA Borrowing Authority—United States Treasury

GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue to the United States Treasury its general obligations in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the Securities offered hereby. The Treasury is authorized to purchase any obligations so issued.

The Treasury Department has indicated that it will make loans to GNMA, if needed, to implement the aforementioned guaranty as stated in the following letter:

**The Secretary of the Treasury
Washington**

February 13, 1970

Dear Mr. Secretary:

I wish to refer to your letter of November 14, 1969, asking whether the timely payment of principal and interest on mortgage-backed securities of the pass-through type guaranteed by the Government National Mortgage Association under Section 306(g) of the National Housing Act, under its management and liquidating functions, is a function for which the Association may properly borrow from the Treasury.

It is the opinion of the Treasury Department that the Association may properly borrow from the Treasury for the purpose of assuring the timely payment of principal and interest on guaranteed pass-through type mortgage-backed securities as described in Chapter 3, paragraph 6 of the Mortgage-Backed Securities Guide, dated December 1969. Accordingly, the Treasury will make loans to the association for the foregoing purposes under the procedure provided in Subsection (d) of Section 306 of Title III of the National Housing Act.

Sincerely,
David M. Kennedy

**The Honorable George Romney
Secretary of Housing and Urban Development
Washington, D.C. 20410**

GNMA warrants to the holders of the Securities, that in the event it is called upon at any time to make good its guaranty of the payment of principal and interest on the Securities, it will, if necessary, in accordance with such Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Issuer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the 15th day of each month. However, if such payments are not received as scheduled, investors have recourse directly to GNMA.

The Mortgage Pool

A specific group of FHA-insured and/or VA guaranteed loans secured by first mortgages has been acquired by the Issuer and placed with the Custodian to form the pool. In accordance with standard provisions of these mortgages, each is required to be amortized during its lifetime by means of level monthly payments to be applied first to interest on the prepaid principal balance of the loan and next to principal amortization on the loan. Each such loan may be prepaid in whole or in part at any time.

General Description of Securities

The Securities are issued as Serial Notes in registered form. Each Serial Note represents one or more denominations of \$25,000 and may represent multiple serial units only if the serial unit numbers are in consecutive order.

Serial units will be retired in numerical order from collections on account of scheduled principal payments, whether or not received by the Issuer, plus prepayments and other recoveries from the mortgages.

Payment of Interest

On the 15th day of each month (Payment Date) interest at the fixed rate set forth on the first page of this Prospectus will be paid by check to holders of securities registered on the books of the Issuer on the last day of the month preceding such payment date, such interest to be computed with respect to each Serial Note on the face amount of all unpaid serial units represented by each Serial Note as of the last day of the month immediately preceding the month in which payment date occurs.

Payment of Principal

The principal amount of each serial unit will be paid no later than its stated maturity date whether or not funds have been collected by the Issuer from the mortgagors. Scheduled repayment of principal on the mortgages will be passed through to the note holders whether or not collected by the Issuer. Early retirement may occur by virtue of prepayments or other early recovery of the principal on the mortgages in the pool.

The dates of maturity of the serial units are based upon the scheduled aggregate amortization requirements of the mortgages in the pool of mortgages.

Attached hereto are two schedules relating to the maturity and payment of the serial units:

Schedule A shows the term to guaranteed maturity of each of the serial units in the issue and is based on an amortization schedule of a 7% mortgage with a 30-year term which commences amortization on the issue date of the security. The maturity date for each serial unit may be determined by extending the term shown for such serial unit from the date of issue shown on the cover page hereof; the maturity date is the 15th day of the month determined by such extension.

Schedule B is a chart computed to show possible early payment patterns of serial units. The chart is based on the FHA Survivorship Table for termination experience of Section 203 mortgages (Actuarial Schedule 2 – 1970 Department of Housing and Urban Development Statistical Handbook). 30-year amortization figures were used to calculate dollar balances. Data is based on termination experience observed over a 20 year period and its projection to 30 years.

This information covers past performances of mortgage loans. **Neither GNMA nor the Issuer make any claims as to future prepayment experience of this pool of mortgages.**

As noted above, Schedule A shows the latest possible unit retirement date, while Schedule B illustrates retirement patterns based on past FHA experience.

Surrender of Securities

Each Serial Note representing a single serial unit shall be surrendered prior to payment of such unit. Each Serial Note representing multiple serial units shall be surrendered prior to the payment of the highest numbered serial unit represented thereon. The Issuer shall render to holders by the second working day of the month in which payment of each serial unit is due, notice of such payment in order to give the holders sufficient time to effect such surrender prior to the 15th date of such month. Interest shall not accrue for the period of any delay in the payment of a serial unit resulting from the failure of the holder of a Serial Note to surrender the Serial Note in accordance herewith.

Reports to Note Holders

The Issuer will submit to each registered note holder each month a statement setting forth the amount of interest payable on the note, the principal balance outstanding thereon, the unit number and payment date of the last paid serial unit, and the scheduled maturity date of such serial unit.

Transferability of Serial Notes

The notes will be transferable and assignable upon the books of the Issuer, who acts as registrar. Reissues and denominational exchanges shall be made on request upon payment of any applicable taxes, fees, charges or other costs approved by GNMA and presentation of the note at the office of the Issuer or GNMA Recognized Dealer, unless lost or destroyed in which case, on presentation of reasonable and customary security or indemnity protection.

Servicing of Mortgage Pool

Under contractual arrangements between the Issuer and the GNMA, the Issuer is responsible for servicing and otherwise administering the mortgages which constitute the Pool in accordance with generally accepted practices of the Mortgage Banking Industry and the GNMA Mortgage-Backed Securities Guide.

The monthly remuneration of the Issuer, for its servicing and administrative functions, will be 1/2 of 1 percent per annum of the unpaid principal amount of all the mortgages in the pool. The Issuer shall pay to GNMA its guaranty fee of .06 of 1 percent per annum. These fees will not reduce the payments to the holder.

Liability of Issuer

The securities will not constitute a liability of nor evidence any recourse against the Issuer. They are based on and backed by the aggregate debt of the mortgages insured or guaranteed under the laws of the United States and recourse may be had to the Government National Mortgage Association as provided for in the guaranty.

Custodial Agent

The documents pertaining to the mortgages included in the pool backing this issuance of securities will be held in custody by a custodian acceptable to GNMA.

Termination of Pool Arrangement

The pool arrangement may be terminated at any time prior to the final maturity date of the outstanding securities, provided that the Issuer and all holders of the outstanding securities relating to a single pool have entered into a mutually agreeable arrangement for such termination. Upon formal notification with satisfactory evidence that all parties to the termination agreement have concurred, and return of the securities to GNMA for cancellation, the guaranty will be terminated.

Federal Income Tax Aspects

The Federal Income Tax aspects of mortgage-backed securities are described in Revenue Rulings 70-544 and 70-545 published in Technical Information Release (TIR)1045, dated October 1, 1970, and in Internal Revenue Bulletin 1970-43, dated October 26, 1970, which among other things, states that interest on the securities is subject to Federal income taxation, and indicates that the favorable tax status of certain institutions, including that resulting from investing a percentage of their assets in mortgages, is not adversely affected by investment of those assets in GNMA pass-through securities.

Yield

Yield on the Serial Notes is determined by the amount and timing of interest payments, the purchase price, and actual maturity.

The first monthly payment of thirty days' interest will be paid 45 days after the issue date of the Serial Notes. This delay has been considered in the computations which follow.

The Serial Notes will be issued at prices to be determined by negotiation between the buyer and seller and therefore may be purchased at a discount or a premium.

The actual maturity of each serial unit will be determined by the collection of principal on the mortgages in the pool as discussed in "Payment of Principal" of this Prospectus.

The method by which yields are computed is to consider each unit as an investment which produces a stream of monthly interest payments until such time as the unit is retired.

Sample Yields

The following table shows yields computed for some serial units at several different prices. Tables showing yields for any other units or any other prices can be obtained from Financial Publishing Company, Boston, Massachusetts.

Consecutively numbered serial units may be grouped together (sometimes called a "strip"); however, such groups of units do not necessarily produce yields attributable to any one unit of the group. Tables showing yields for groups of units can also be obtained from Financial Publishing Company.

The sample yields shown below were computed on the assumption that the serial units will be retired in accordance with scheduled maturity (Column A) or FHA experience* (Column B).

Price	Unit 10		Unit 50		Unit 100		Unit 150		Unit 200	
	Column A	Column B	A	B	A	B	A	B	A	B
90	9.17	11.89	7.60	8.64	7.40	7.85	7.33	7.50	7.30	7.30
92	8.59	10.73	7.36	8.18	7.20	7.56	7.15	7.29	7.12	7.12
94	8.03	9.60	7.13	7.73	7.01	7.28	6.97	7.07	6.96	6.96
96	7.49	8.50	6.90	7.29	6.83	7.00	6.80	6.87	6.79	6.79
98	6.95	7.42	6.69	6.86	6.65	6.73	6.64	6.67	6.63	6.63
100	6.43	6.36	6.47	6.44	6.48	6.46	6.48	6.47	6.48	6.48
102	5.92	5.32	6.26	6.03	6.31	6.21	6.32	6.29	6.33	6.33
104	5.42	4.31	6.06	5.63	6.14	5.96	6.17	6.10	6.19	6.19
106	4.93	3.32	5.86	5.24	5.98	5.71	6.03	5.92	6.05	6.05
108	4.45	2.35	5.67	4.86	5.83	5.47	5.88	5.75	5.91	5.91

*The FHA experience data is based on annual termination experienced during a 21-year period and its projection to 30 years. It was, therefore, necessary to interpolate the data to project an arbitrary monthly termination pattern over a 30-year period. This information is based on past performance of mortgage loans. **Neither GNMA nor the Issuer make any claims as to future prepayment experience of this pool of mortgages.** (See Schedule "B" in this Prospectus.)

If actual principal prepayments on the pool vary from scheduled maturity or FHA experience, the actual yield will be different from yields shown in this table.

For Serial Notes purchased at a discount: If principal prepayments are less than FHA experience as shown in Schedule B, the actual yield will be lower than the yield shown under Column B (but not lower than that shown under Column A). If principal prepayments exceed FHA experience, the actual yield will be higher than shown under Column A or Column B.

For Serial Notes Purchased at a Premium: If the Principal Prepayments Exceed FHA Experience as Shown in Schedule B, There Is a Risk of a Lower or Negative Actual Yield. If principal prepayments are less than FHA experience, the actual yield will be higher than shown under Column B (but not higher than that shown under Column A).

Comparison of Monthly Interest and Semiannual Interest

Whereas most types of bonds pay interest semiannually, interest on Serial Notes is paid monthly. If it is assumed that the monthly interest is compounded by (reinvesting) at the anticipated yield rate, the following table gives the additional yield which would be realized. This is known as the "Semiannual Equivalent Yield."

If anticipated Yield is between	Add to Yield	If anticipated Yield is between	Add to Yield
.00 – 1.54	.00	7.71 – 8.01	.13
1.55 – 2.67	.01	8.02 – 8.30	.14
2.68 – 3.45	.02	8.31 – 8.58	.15
3.46 – 4.09	.03	8.59 – 8.85	.16
4.10 – 4.63	.04	8.86 – 9.12	.17
4.64 – 5.12	.05	9.13 – 9.37	.18
5.13 – 5.56	.06	9.38 – 9.62	.19
5.57 – 5.97	.07	9.63 – 9.86	.20
5.98 – 6.36	.08	9.87 – 10.13	.21
6.37 – 6.72	.09	10.14 – 10.33	.22
6.73 – 7.06	.10	10.34 – 10.55	.23
7.07 – 7.39	.11	10.56 – 10.77	.24
7.40 – 7.70	.12	10.78 – 10.99	.25

Schedule "A"

This chart shows the term to maturity of each of the Serial Units in the issue and is based on an amortization schedule for a 7% mortgage with a 30-year term which commences amortization on the issue date of the security. The maturity date for each Serial Unit may be determined by extending the term shown for such Serial Unit from the date of issue shown on the cover page hereof; the maturity date is the 15th day of the month determined by such extension.

Pymt. No.	Yrs.	Mos.	Pymt No.	Yrs.	Mos.	Pymt No.	Yrs.	Mos.	Pymt No.	Yrs.	Mos.	Pymt No.	Yrs.	Mos.
1	0	7	41	12	11	81	19	6	121	23	11	161	27	4
2	1	0	42	13	2	82	19	7	122	24	1	162	27	5
3	1	6	43	13	4	83	19	9	123	24	2	163	27	6
4	1	11	44	13	6	84	19	10	124	24	3	164	27	7
5	2	5	45	13	9	85	20	0	125	24	4	165	27	8
6	2	10	46	13	11	86	20	1	126	24	5	166	27	9
7	3	3	47	14	1	87	20	3	127	24	6	167	27	10
8	3	8	48	14	4	88	20	4	128	24	7	168	27	11
9	4	0	49	14	6	89	20	6	129	24	8	169	27	11
10	4	5	50	14	8	90	20	7	130	24	9	170	28	0
11	4	9	51	14	10	91	20	9	131	24	11	171	28	1
12	5	2	52	15	1	92	20	10	132	25	0	172	28	2
13	5	6	53	15	3	93	21	0	133	25	1	173	28	3
14	5	10	54	15	5	94	21	1	134	25	2	174	28	4
15	6	2	55	15	7	95	21	2	135	25	3	175	28	5
16	6	6	56	15	9	96	21	4	136	25	4	176	28	5
17	6	10	57	15	11	97	21	5	137	25	5	177	28	6
18	7	2	58	16	1	98	21	7	138	25	6	178	28	7
19	7	5	59	16	3	99	21	8	139	25	7	179	28	8
20	7	9	60	16	5	100	21	9	140	25	8	180	28	9
21	8	0	61	16	7	101	21	11	141	25	9	181	28	10
22	8	4	62	16	9	102	22	0	142	25	10	182	28	10
23	8	7	63	16	11	103	22	1	143	25	11	183	28	11
24	8	11	64	17	1	104	22	3	144	26	0	184	29	0
25	9	2	65	17	2	105	22	4	145	26	1	185	29	1
26	9	5	66	17	4	106	22	5	146	26	2	186	29	2
27	9	8	67	17	6	107	22	6	147	26	3	187	29	2
28	9	11	68	17	8	108	22	8	148	26	4	188	29	3
29	10	2	69	17	10	109	22	9	149	26	5	189	29	4
30	10	5	70	17	11	110	22	10	150	26	6	190	29	5
31	10	8	71	18	1	111	22	11	151	26	7	191	29	6
32	10	11	72	18	3	112	23	1	152	26	8	192	29	6
33	11	2	73	18	5	113	23	2	153	26	9	193	29	7
34	11	5	74	18	6	114	23	3	154	26	10	194	29	8
35	11	8	75	18	8	115	23	4	155	26	11	195	29	9
36	11	10	76	18	10	116	23	6	156	27	0	196	29	9
37	12	1	77	18	11	117	23	7	157	27	1	197	29	10
38	12	4	78	19	1	118	23	8	158	27	2	198	29	11
39	12	6	79	19	3	119	23	9	159	27	2	199	30	0
40	12	9	80	19	4	120	23	10	160	27	3	200	30	0

Schedule "B"

The following chart of distribution of 200 units has been computed to show possible early payment patterns of serialized units. The chart is based on the FHA survivorship table for termination experience of Section 203 mortgages (Actuarial Schedule 2 – 1970, Department of Housing and Urban Development Statistical Handbook). Thirty year, 7% amortization figures were used to calculate dollar balances. Data is based on termination experience observed over a 21 year period and its projection to 30 years.

This information covers past performance of mortgage loans. Neither GNMA nor the Issuer make any claims as to future prepayment experience of this pool of mortgages.

Year	Unit Numbers	Year	Unit Numbers	Year	Unit Numbers
1	1 thru 3	11	94 thru 104	21	165 thru 170
2	4 thru 9	12	105 thru 113	22	171 thru 175
3	10 thru 18	13	114 thru 122	23	176 thru 179
4	19 thru 29	14	123 thru 129	24	180 thru 183
5	30 thru 40	15	130 thru 136	25	184 thru 186
6	41 thru 52	16	137 thru 142	26	187 thru 190
7	53 thru 63	17	143 thru 147	27	191 thru 192
8	64 thru 74	18	148 thru 153	28	193 thru 195
9	75 thru 84	19	154 thru 158	29	196 thru 197
10	85 thru 93	20	159 thru 164	30	198 thru 200